



BY THE NUMBERS...

4,019 tips
400+ cases opened/investigated
172 indictments covering
813 criminal counts
112 Resolutions
\$2,518,409.48 in court-ordered restitution
\$2,145,868.26 from cases w/o criminal prosecution
\$5,535,982 stopped fraudulent refund claims

Figures from 2008 to August 2014.

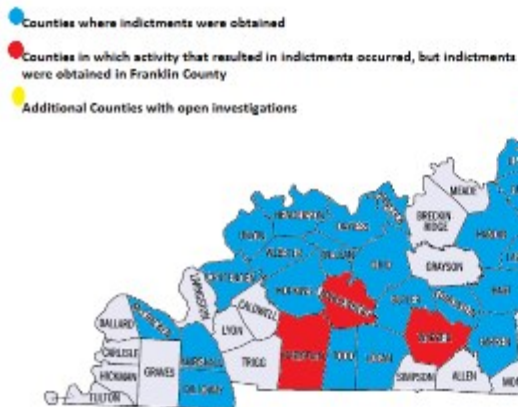
FAC Spotlight: **Revenue Special Investigations:** **Tax Fraudsters Beware**

When asked what a typical day in Special Investigations might be like, the answer was a resounding, “there is no typical day as all of us are never doing the same thing or working on the same case.” According to Leslie Saunders, assistant general counsel and head of the Special Investigations (SI) Division, the work is interesting and varied.

To say the least, the staff of eight are busy conducting all kinds of research into fraudulent activities from looking for a particular fraudulent pattern to interviewing the people who filed those returns to testifying about a business that collected and kept (therefore stole) the sales tax before the grand jury.

Work also includes helping the Commonwealth Attorney round up witnesses for a trial or taking all the documents SI has collected and determining why a return should be deemed false. Some days it's nothing but looking at bank records. It's really a mix depending on how far along a particular case is.

Using information from anonymous tips to collaborating with federal agencies, SI plays an important role in preparing cases all around Kentucky (see map).



What's the ideal employee for Special Investigations?

Saunders said it's a mix of experience and education. “The ideal candidate is one with a knowledge of investigations and a tax background, but those individuals are hard to find.”

Currently, though, the SI team is well balanced and brings a variety of experiences to the table. See sidebar on page two.

Not paying taxes can land people in jail. In the last few years, one of the longest sentences was seven years. Jennifer Rowlett was imprisoned on a variety of counts stemming from her filing 11 fraudulent tax returns as well as being a persistent felony offender.

A more typical route is a plea agreement that has a provision for the defendant to pay restitution with the person being on diversion and not in jail. However, if the defendant doesn't pay the monthly amount, diversion can be revoked.

The largest amount prosecuted is nearly a million dollars (that case is currently under investigation).

When asked for the most memorable case SI has worked on, Saunders had this to say.

“Taxpayer George Michael Winchester was testifying that he didn't know how the false figures ended up on his return. He left all that business to his bookkeeper. And just who happened to be in the courtroom as part of his ‘support’ group? His bookkeeper! She was swiftly sworn in and, when asked why she had put the figures on the return

that she had, she said, uncomfortably, ‘Mr. Winchester told me to.’ He went to jail that day.”

Have a tax fraud situation you want to report? It's easy and anonymous. Call the tip line at (502) 564-7118. Or you can send information via Revenue's website, <http://revenue.ky.gov/inv/rtf.htm>.

MEET THE SPECIAL INVESTIGATIONS STAFF...

Brad Boyd, Investigator – Brad joined SI in May 2014 after having been a revenue program officer in the Division of Collections. He works on a mix of individual income tax and trust tax cases.

Debra Crawford, Assistant Director – Debra is a retired captain with the Frankfort Police Department. She's been with SI since September 2007, starting as an Investigator and taking on the assistant director position in 2008. She predominantly handles trust tax cases (sales tax and withholding).

Jeff Fogg, Investigator – Jeff is a retired police detective from the Frankfort Police Department with 14 years experience as an investigator. He focuses on income tax and fraudulent preparer cases. He joined SI in May 2014.



Front L-R: Debra, Maurette & Leslie.
Back L-R: Matt, Brad, Gene, & David.
Not pictured: Jeff Fogg.

Maurette Harris, Administrative Specialist – Maurette, a KSU graduate has been with the division since 2007. She prepares the complaint forms, enters the information into the case tracking system, assigns case numbers and maintains the filing of case files. Among other things, she also serves as the point person for notifications related to our fraudulent income tax refund.

Matthew McLaughlin, Auditor -- Matthew became the division's auditor this past January. He previously worked in individual income tax and corporation income tax.

Leslie Saunders, Assistant General Counsel – She's been head of the Division of Special Investigations since June 2011. Prior to that, she spent seven years litigating civil tax matters for DOR as part of the Office of Legal Services. She's the division's contact for refund fraud.

Charles E. "Gene" Stratton, Investigator -- Gene has been with the Division since September 2014. A former special law enforcement officer of the KSP, he has provided security for sensitive materials transported to NASA and worked with the Department of Homeland Security as an agent with ICON Security.

David Whitehouse, Investigator – David is a former lieutenant with the Kentucky State Police. After 34 years of service he came to DOR. He works on a variety of matters, including income tax evasion and preparer fraud. He also assists the motor vehicle property tax staff with identifying unregistered or incorrectly registered vehicles.

Lend a Helping Hand...Nepal Earthquake Death Toll Over 5,200

Message from COT Nepalese Employees

The reports are grim and devastation is vast from Saturday's 7.8-magnitude quake in Nepal. As of Wednesday afternoon, more than 5,000 people have been killed and at least 10,000 injured. The UN says more than eight million people have been affected and some 70,000 houses have been destroyed.

It is the most powerful earthquake to have hit Nepal since 1934. They are still experiencing big aftershocks. Relief work has started with many organizations and countries helping.

Several Commonwealth Office of Technology employees are from Nepal and have asked that everyone pray that the nation recovers from the worst nightmare and life gets back to normal soon.

During this difficult time, in addition to prayers, we urge for your help. Therefore, please help no matter big or small. We all appreciate your support. Please help by donating through various organizations listed in links below. During this difficult time, every penny counts.

<http://www.nytimes.com/live/earthquake-katmandu-nepal-updates/how-to-help-the-relief-effort-in-nepal/>

<http://www.cnn.com/2015/04/25/world/nepal-earthquake-how-to-help/>

Thank you.
Nabeen Thakur
Agat Hirachan
Shristi Karanjit
Soniya Gurung

Fish & Wildlife Spring Auction, May 4

The Div. of Surplus Property is conducting Fish and Wildlife Resources' spring auction of surplus and confiscated items on May 4.



Surplus auction items include boats, motors, trucks and various farm and office equipment. Anyone may bid on surplus items.

Confiscated auction items include shotguns, rifles, pistols, tree stands, bows and more. Under state law, only qualified Kentucky residents may bid on confiscated items.

A list of all items to be offered at auction is available online at fw.ky.gov. The list also includes the stipulations of the auction. All items are sold as is.

Viewing begins at 8 a.m. with bidding to begin at 9 a.m. The auction will be held near the Salato Wildlife Education Center, which is located on the headquarters campus of Fish and Wildlife at 1 Sportsman's Lane.